

divestcap

From: Bruce Hill [bruce@divestcap.com]
Sent: Wednesday, February 22, 2006 11:25 AM
To: Gai, Eldad; Golan, Daniel
Cc: Charles Hale
Subject: TAD.L/Stream Theory Documents
Attachments: Limited Liability Company Operating Agreement DOC

Follow Up Flag: Follow up
Flag Status: Flagged

Danny/Eldad:

Attached is the LLC agreement for the TAD.L/Stream Theory investment. It is a pretty standard agreement, with a couple of points you should note:

1. The Constance Sinclair referred in the document is my wife. I gave her my piece of HH LLC last summer.
2. There is a provision in the agreement for Legacy Management to take 0.2% from our piece. The purpose of this is to allow LMC to have a call on the first \$75K of income so it can pay the expenses of the investment (legal fees, etc.). The assumption is that this will come out of the interest payable on the convertible note.
3. This document assumes Oldpoint will be the investor, which may or may not be correct.

Bruce

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Wednesday, February 22, 2006 2:03 PM
To: Shlomo Melchior
Cc: Gal, Eldad; Bruce Hill

Follow Up Flag: Follow up
Flag Status: Flagged

Shlomo - I have a legal bill for the Summit recap of \$29,065.45, and another \$50,000 loan payable to Legacy Management that got contributed into the \$500,000 investment. Clearly the Summit holding company SDI Holdings LP should pay the bill. The investment holding company, however, does not have any cash. After talking with Eldad, it seems like we should have Oldpoint or Enright, wire in funds to pay these expenses. At least the legal bill needs to be dispatched quickly.

Please advise.

Thank you.

Charlie

Charles C. Hale
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New York, NY 10021
Mobile: 617 818 2222
NY Office: 212 651 9023
CHARLES@DIVESTCAP.COM

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divestcap

From: mor@sagecap.com
Sent: Friday, February 24, 2006 7:42 PM
To: Charles Hale, gilad@hartbay.com
Cc: Gal, Eldad
Subject: Re: Lac

Follow Up Flag: Follow up
Flag Status: Flagged

I'm calling you now to discuss this.

Sent from my BlackBerry wireless handheld.

-----Original Message-----

From: "Charles Hale" <charles@divestcap.com>
Date: Fri, 24 Feb 2006 19:27:57
To: <gilad@hartbay.com>, <mor@sagecap.com>
Cc: <eldad@sagecap.com>
Subject: Fw: Lac

Fyi.

I will inform Shibata-san that I will be the representative. LAC's lack of funds for an acquisition is something I should mention. Would you advise doing so now or on the call itself?

Charlie

-----Original Message-----

From: Shibata, Yoshihito <shibata.y@sakailaw.com>
To: Charles Hale <charles@divestcap.com>
Sent: Fri Feb 24 15:11:44 2006
Subject: Lac

Dear Mr. Hale,

This is Yoshi Shibata, an attorney from Sakai & Mimura. We are representing Lac Co., Ltd. on the potential acquisition of a company owned by DivestCap.

I was requested to update you as the general partner of DivestCap on the status of the due diligence arrangement for the matter.

I have been teaming up the professionals in the U.S. working for Lac in regard with valuation and due diligence. As a result, Lac decided to retain Bingham McCutchen LLP as counsel for overall coordination and legal due diligence, and Bingham Strategic Advisors as valuation experts. Some adjustment is needed to fix the accounting firm.

I would like to arrange a conference call between you and Bingham at the beginning of the next week. Therefore, it would be appreciated if you could tell me the name of the DivestCap representative whom I should contact on the matter and her contact information.

Look forward to hearing from you.

Best regards,

Yoshi

Yoshihito Shibata
Attorney at Law
Admitted in Japan and New York
Sakai & Mimura
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6-12 Toranomon 1-Chome, Minato-Ku
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<http://www.sakailaw.com>: <<http://www.sakailaw.com>>

Yoshi

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Fax 81-3-3519-8322
<http://www.sakailaw.com>: <<http://www.sakailaw.com>>

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Sunday, February 26, 2006 10:39 PM
To: gilad@charbay.com; Gal, Eldad; Sagi, Mor
Cc: Michelle Yi
Subject: Ssc numbers

Follow Up Flag: Follow up
Flag Status: Flagged

I didn't get the time I needed this weekend to get any further than rev rec for 2005. All maint billings have to be individually manually lapsed. The good news is that, with 80% of the billings lapsed, the rev growth is as good as the billings growth, which wasn't a slam dunk given how lumpy our license sales are.

Unfortunately, there's only 1 of me, our divestcap team is half the size it used to be, and this stuff usually take 100 hours of my time each February. I am 60 hours through it with 40 still to go but now at the point where I can start to publish meaningful gaap data (maint is the base we live on. Disa and big deals with custom terms dictate our gaap rev and ebitda).

Anyway, I have to deal with a NY State Dept of Labor audit tomorrow and then go to VA for meetings.

If IRI needs data now, I can easily give them 2003 - 04 audited SSC with a schedule of additional net revs from GCI to get to pro forma. Until I finish 05 rev rec, I'd really rather not estimate operating profit or ebitda other than saying it's probably "really good".

Charlie

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Tuesday, February 28, 2006 9:44 AM
To: Sagi, Mor; Gal, Eldad; Atsushi Matsumura; Eitan Zepkowitz
Subject: FW: Lac

Follow Up Flag: Follow up
Flag Status: Flagged

Fyi.

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9023
charles@divestcap.com

-----Original Message-----

From: Shibata, Yoshihito [mailto:shibata.y@sakailaw.com]
Sent: Tuesday, February 28, 2006 9:39 AM
To: Charles Hale
Cc: michinori.shiraishi@lac.co.jp; Sakai Hideyuki (E-mail); shibata.y@sakailaw.com; Ishihara Yasuto (E-mail); Murayama Yukari (E-mail); Yoneda Noriko (E-mail)
Subject: RE: Lac

Dear Charlie,

We needed some additional arrangement to fix the professional team for Lac Monday. Lac decided to retain an accounting firm, and we are almost ready to start. Thank you for your waiting.

I am planning to set up an internal discussion Tuesday, and then, some of us will call you to discuss how to proceed the due diligence of Sightline.

In case, are you available Tuesday evening (around 7:30 pm, your time) or Wednesday morning (around 9 am, your time) for a conference call with us?

I would appreciate it if you could tell me your convenience.

Look forward to working with you soon.

Thank you.

Best regards,

Yoshi

-----Original Message-----

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Sunday, February 26, 2006 5:34 AM
To: Shibata, Yoshihito
Subject: RE: Lac

Dear Shibata-san,

I will be the DivestCap representative working on Sightline. It will be my pleasure to work with you and LAC. With the exception of a flight Monday morning my time, I can make my schedule accommodate yours.

The Sightline team and I feel very favorably disposed to LAC. Judging from our meetings with Nishimoto-san and our calls with the company, we see very good strategic potential and, most importantly, a wonderful cultural fit.

I will look forward to any process with you, your client, and their representatives.

Sincerely,
Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9823
charles@divestcap.com

-----Original Message-----

From: Shibata, Yoshihito [mailto:shibata.y@sakailaw.com]
Sent: Friday, February 24, 2006 3:12 PM
To: Charles Hale
Subject: Lac

Dear Mr. Hale,

This is Yoshi Shibata, an attorney from Sakai & Mimura. We are representing Lac Co., Ltd. on the potential acquisition of a company owned by DivestCap. I was requested to update you as the general partner of DivestCap on the status of the due diligence arrangement for the matter.

I have been teaming up the professionals in the U.S. working for Lac in regard with valuation and due diligence. As a result, Lac decided to retain Bingham McCutchen LLP as counsel for overall coordination and legal due diligence, and Bingham Strategic Advisors as valuation experts. Some adjustment is needed to fix the accounting firm.

I would like to arrange a conference call between you and Bingham at the beginning of the next week. Therefore, it would be appreciated if you could tell me the name of the DivestCap representative whom I should contact on the matter and her contact information.

Look forward to hearing from you.

Best regards,

Yoshi

Yoshihito Shibata
Attorney at Law
Admitted in Japan and New York
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<http://www.sakailaw.com>

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Thursday, March 02, 2006 1:49 AM
To: Sagi, Mor; Gilad
Cc: Gal, Eldad; Michelle Yi
Attachments: image002.gif

Follow Up Flag: Follow up
Flag Status: Flagged

I have gotten a balance through 12/2005. The following are the pro forma financials.

The only non-operating expenses included are some deal costs (McNitt fees), tax, and \$100k I withdrew for LMC. This means that INCLUDED in these numbers are roughly \$500k of yearly salaries (Bruce, Charlie, Michelle, Ernst thru '05), and maybe up to \$100k per year in legal or other expenses. Bottom line: an aggressive view of operating cash flow would increase the numbers \$500k per year. Realistically, however, I estimate we overburden the company only about \$50k because (i) I don't think we have material legal or other allocated expenses (although I am checking - and having the auditors do so too) and (ii) we need a CEO (\$250k at plan), a Controller instead of a book keeper (+\$30k), and a Director of Development (\$110k). Agree or disagree, these are a good start and have detailed monthlies behind them.

Please share them with Atsushi & co. if you like. I am not resolved yet on what we show to LAC. I will tackle the NDA first, tomorrow.
 Charlie

NOTE: TABLE FORMAT FOLLOWS PICTURE

DRAFT

	Actual 2003	Actual 2004	Actual 2005	Forecast 2006
Product Bookings	2,030,197	1,736,508	926,471	1,800,000
Maintenance Bookings	2,281,828	2,720,956	3,903,483	4,375,242
Service Bookings	60,178	21,582	64,000	50,000
GCI Bookings	866,571	1,841,900	2,044,220	2,410,000
Total Bookings	5,238,773	6,320,956	6,943,155	8,635,242
Revenue				
Software	2,030,197	928,622	1,736,368	1,800,000
Service	60,178	21,582	64,000	-
Maintenance	1,141,667	2,800,816	3,512,177	4,997,182
GCI	866,571	1,841,900	2,044,220	2,410,000
Total Revenue	4,098,912	5,742,930	7,356,755	9,197,182
Minus: Approximate End User Bookings	5,268,783	8,229,496	10,116,451	12,450,632
Total Cost of Sales	14,662	-	744	-
Headcount Expenses	1,484,228	1,980,019	1,813,457	2,104,802
OpEx	462,771	587,374	854,216	838,638
Operating Cash Flow	3,277,052	3,753,565	4,174,740	5,590,802

DRAFT

	Actual 2003	Actual 2004	Actual 2005	Forecast 2006
Product Bookings				

	2,030,197	1,738,509	928,471	1,800,000
Maintenance Bookings	2,281,828	2,720,956	3,506,466	4,375,242
Service Bookings	60,178	21,592	64,000	50,000
GCI Bookings	866,571	1,041,900	2,044,220	2,410,000
Total Bookings	5,238,773	6,322,958	6,943,156	8,635,242
Revenue				
Software	2,030,197	523,622	1,738,358	1,800,000
Service	60,178	21,592	64,000	-
Maintenance	1,141,967	2,950,816	3,512,177	4,987,182
GCI	866,571	1,841,900	2,044,220	2,410,000
Total Revenue	4,098,912	5,742,930	7,356,755	9,197,182
Memo: Approximate End User Bookings	5,268,783	8,229,496	10,116,451	12,450,652
Total Cost of Sales				
	14,682	-	744	-
Headcount Expenses	1,484,228	1,980,019	1,913,457	2,104,802
OpEx	462,771	587,374	854,216	939,638
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divestcap

From: Sagi, Mor
Sent: Thursday, March 02, 2006 9:16 AM
To: 'Charles Hale'; Sagi, Mor; 'Gilad'
Cc: eldad@sagecap.com; 'Michelle Y'
Subject: RE:
Attachments: image001.gif

Follow Up Flag: Follow up
Flag Status: Flagged

Looks good. Thanks.
When you have a minute, please call me to discuss next steps with Lac.
Mor

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Thursday, March 02, 2006 1:19 AM
To: Sagi, Mor; Gilad
Cc: Gal, Eldad; Michelle Y
Subject:

I have gotten a balance through 12/2005. The following are the pro forma financials.

The only non-operating expenses included are some deal costs (McNulld fees), tax, and \$100k I withdrew for LMC. This means that INCLUDED in these numbers are roughly \$500k of yearly salaries (Bruce, Charles, Michelle, Ernst thro '05), and maybe up to \$100k per year in legal or other expenses. Bottom line: an aggressive view of operating cash flow would increase the numbers \$600k per year. Realistically, however, I estimate we overburden the company only about \$80k because (i) I don't think we have material legal or other allocated expenses (although I am checking - and having the auditors do so too) and (ii) we need a CEO (\$250k at plan), a Controller instead of a book keeper (~\$30k), and a Director of Development (\$110k). Agree or disagree, these are a good start and have delayed monthlies behind them.

Please share them with Alsuzhi & co. if you like. I am not resolved yet on what we show to LAC. I will tackle the NDA first, tomorrow.
Charles

NOTE: TABLE FORMAT FOLLOWS PICTURE

DRAFT

	Actual 2003	Actual 2004	Actual 2005	Forecast 2006
Product Bookings	2,030,197	1,736,509	928,471	1,800,000
Maintenance Bookings	2,281,828	2,720,956	3,906,466	4,375,242
Service Bookings	60,178	21,592	64,000	50,000
GCI Bookings	866,571	1,841,900	2,044,220	2,410,000
Total Bookings	5,238,773	6,320,958	6,943,156	8,635,242
Revenue				
Software	2,030,197	928,622	1,736,358	1,800,000
Service	60,178	21,592	64,000	-
Maintenance	1,141,967	2,950,816	3,512,177	4,987,182
GCI	866,571	1,841,900	2,044,220	2,410,000
Total Revenue	4,098,912	5,742,930	7,356,755	9,197,182
Memo: Approximate End User Bookings	5,268,783	8,229,486	10,116,451	12,450,682
Total Cost of Sales	14,682	-	744	-
Headcount Expenses	1,484,228	1,980,018	1,913,457	2,104,802
OpEx	462,771	587,374	854,216	939,638
Operating Cash Flow	3,277,092	3,753,565	4,174,740	5,590,802

DRAFT

	Actual 2003	Actual 2004	Actual 2005	Forecast 2006
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divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Thursday, March 02, 2006 1:43 PM
To: Sagi, Mor; Gal, Eldad
Cc: Michelle Yi; Vigder, Avi
Subject: RE:
Attachments: image001.gif

Follow Up Flag: Follow up
Flag Status: Flagged

PS – with the numbers falling into shape, we can now figure out the royalty rate. With whom shall I take up this topic? Obviously, it is important not only to GCI's cash but also to SSC's tax picture.

Charlie

Charles C. Hale
 Mobile: 617 818 2222
 NY Office: 212 651 9323
CHARLES@DIVESTCAP.COM

From: Charles Hale
Sent: Thursday, March 02, 2006 1:49 AM
To: Sagi, Mor; Gilad
Cc: 'eldad@sagecap.com'; 'Michelle Yi'
Subject:

I have gotten a balance through 12/2005. The following are the pro forma financials.

The only non-operating expenses included are some deal costs (M&A fees), tax, and \$100k I withdraw for LAC. This means that INCLUDED in these numbers are roughly \$500k of yearly salaries (Bruce, Charlie, Michelle, Ernst thru '06), and maybe up to \$100k per year in legal or other expenses. Bottom line: an aggressive view of operating cash flow would increase the numbers \$800k per year. Realistically, however, I estimate we overburden the company only about \$30k because (i) I don't think we have material legal or other allocated expenses (although I am spending – and having the auditors do so too) and (ii) we need a CEO (\$280k at plan), a Controller instead of a book keeper (+\$30k), and a Director of Development (\$110k). Agree or disagree, these are a good start and have detailed monthlies behind them.

Please share them with Atsushi & co. if you like. I am not resolved yet on what we show to LAC. I will tackle the NDA first, tomorrow.
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Revenue				
Software	2,030,197	928,622	1,736,358	1,800,000
Service	60,178	21,592	64,000	-
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OpEx	462,771	597,374	854,216	938,638
Operating Cash Flow	3,277,092	3,753,565	4,174,740	5,590,602

DRAFT

	Actual 2003	Actual 2004	Actual 2005	Forecast 2006
Product Bookings	2,030,197	1,736,509	928,471	1,800,000
Maintenance Bookings	2,281,828	2,720,956	3,906,486	4,375,242
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divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Thursday, March 02, 2006 2:28 PM
To: Shlomo Meichor
Cc: Sagl, Mor; Gai, Eldad; Aisushi Matsunaga; Gilad; Michelle Yi
Subject: (i) Confidentiality Agreements (ii) SD recap
Attachments: Untitled_3.pdf; Confidentiality Agreement.DOC; Confidentiality Agreement for Glenridge.DOC

Follow Up Flag: Follow up
Flag Status: Flagged

This CA looks fine to me. Since it is Japan law, I don't think I will run it by our counsel unless you think we should.

Shlomo - will you please review and sign on behalf of GCI? Separately, it looks like the Summit legal bill was approx \$34,030 and the note that was added to the amount of the loan was \$54,840k. Therefore, \$88,870 needs to be wired into SDI Holdings LP

Bank of America
9421353366 acct #
021202162 ABA #
FNB6US33 - SWIFT
021200339 - international ABA
116 Fifth Avenue
Mail Stop NY EH B11070
New York, NY 10011
United States of America

Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9023
charles@divestcap.com

-----Original Message-----

From: Matsunaga, Len [mailto:len.matsunaga@bingham.com]
Sent: Wednesday, March 01, 2006 1:12 PM
To: Charles Hale
Cc: Shibata, Yoshinori; wshii@eosllp.com; Murase, Satoru; Bradley, Jack; Hashimoto, Go; Ito, Yoshihide
Subject: LAC/Moonlight - Confidentiality Agreements

Dear Charlie:

Attached is a pdf file of the Confidentiality Agreement between LAC and Sage Capital Global, Inc. We believe Sage has signed a copy. Also attached are Confidentiality Agreements prepared on this form for each of SightLine and Glenridge Commercial. Please let us know when we can circulate copies for execution by the parties.

With respect to the Working Group List sent previously, needless to say, please insert information on Glenridge Commercial and its advisors.

Thank you. Regards. Len

<<Untitled_3.pdf>>

> -----Original Message-----

> From: Tiller, Carla J.

> Sent: Wednesday, March 01, 2006 1:00 PM

> To: Matsunaga, Len

> Subject: Confidentiality Agreement for
Glenridge.DOC;Confidentiality Agreement.DOC

>

> > <<Confidentiality Agreement.DOC>> > > <<Confidentiality Agreement
for Glenridge.DOC>>

=====

Bingham McCutchen LLP Circular 230 Notice: To ensure compliance with IRS requirements, we inform you that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding any federal tax penalties. Any legal advice expressed in this message is being delivered to you solely for your use in connection with the matters addressed herein and may not be relied upon by any other person or entity or used for any other purpose without our prior written consent.

=====

divestcap

From: Charles Hale [charles@divestcap.com]
 Sent: Tuesday, March 07, 2006 10:36 PM
 To: Gal, Eldad; Golan, Daniel; Sagi, Mor
 Cc: Vigder, Avi
 Subject: Update - Several Items Re. SightLine + Glenridge for

Follow Up Flag: Follow up
 Flag Status: Flagged

Danny, Eldad, and Mor,

A few items:

DILIGENCE STATUS

We ought to discuss Jack's email (below) and the SSC + GCI deal strategy. I'd like to shrink this request list until we get affirmation on valuation and become more embedded. Do you agree with this approach? Audited financials right away, in particular, will be a rat hole. I could easily do the audited SSC with GCI bank statements and my reconciliation, but even that is a lot of data with no feedback that it is warranted. Please let me know your thoughts.

EBITDA STATUS

Separately, I sent out today a pro forma SSC + GCI EBITDA. It looks great. It has only modest adjustments(*). Please let me know if you didn't get a copy but want one.

CASH STATUS

I am now working on the final SSC and GCI cash numbers. These won't look as good. They're not bad but probably show \$3.5m 2004 and \$3.7m 2005 gross SSC + GCI. Note that the \$3.7m includes adding back (i) a big prepaid I made Dec 2005, and (ii) DISA moving from advance to arrears. It does not reflect the \$500k in DMC salaries. As you know, I thought we'd see \$4m. So, where is the 200k-300k I thought SSC + GCI had? Possibilities are:

1. Cash timing on year end orders (we had a monstrous \$1m+ January '06 cash performance).
2. Expenses I have run through the business but haven't noticed yet (this is unlikely-- the only major legal cost, I think, was a \$22k hit on Siemens)
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COMMENT ON DISA

You probably don't want this level of detail but I want you to know that the above stable cash performance is despite having almost doubled R&D for DISA (by adding 3.5 FTEs). DISA doubled last year, so the decision is looking okay. It still might not catch big - one never knows until one has the cash, and there is always political risk - but the opportunity is \$40m NPV. The question I am wrestling with is how to project it particularly given that we can't really have people interviewing the department.

WIRE TO GCI

GCI and we need to have a formal discussion on rates. I would like to keep them the same as last year, and initiate at least a \$1.1m wire to GCI that I accrued to GCI to get GCI to cover 80% of the numbers discussed above and 45% (as a product cost) of product and maintenance.

Comments and questions - please send my way. I will send a shorter email out to the whole team on status.

Charlie

(*) The only material adjustment is a correction I made to the auditors miss-classing a deal last year. They recognized a 12/04 license deal in 2004 that should go in 2005. Since I had concerns about the deal, I held it up and didn't issue keys until well into '05. At least as far as I am aware, this makes 2005 recognition non-negotiable. While this treatment would be favorable to us, it would also be right, which is most important.

Charles C. Hale
Mobile: 617 318 2222
NY Office: 212 651 9023
CHARLES@DIVESTCAP.COM

From: Bradley, Jack [mailto:jack.bradley@bingham.com]
Sent: Tuesday, March 07, 2006 5:17 PM
To: Charles Hale
Cc: Matsunaga, Len
Subject: RE: Pro Forma SSC GCI 20060307.xls

Charlie,

I will send you a follow-up email with my questions after reviewing the pro-forma statements, in the interim I wanted to reccas which additional documents we will need to provide our preliminary estimate of value:

Requested previously:

1. Audited financials for both Sightline and Glen Ridge for 2003 and 2004
2. Cash-GAAP reconciliation
3. Projections for 2006 and beyond

New Requests:

1. Copy of agreements between Sightline and Glen Ridge including the License/Royalty agreement between these two entities
2. Copy of distribution agreements
3. Department of Defense contract
4. Change in Control agreements which will result in severance or other payments to current employees of Sightline and Glen Ridge

regards, jack

-----Original Message-----

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Tuesday, March 07, 2006 3:25 PM
To: Bradley, Jack
Cc: Gilad; eldad@sagecap.com; Michelle Yi
Subject: Pro Forma SSC GCI 20060307.xls

Jack - pro forma attached.

Best regards,
Charlie

Bingham McCutchen LLP Circular 230 Notice: To ensure compliance with IRS requirements, we inform you that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding any federal tax penalties. Any legal advice expressed in this message is being delivered to you solely for your use in connection with the matters addressed herein and may not be relied upon by any other person or entity or used for any other purpose without our prior written consent.

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Tuesday, March 07, 2006 10:36 PM
To: Gai, Eldad; Golan, Daniel; Sagl, Mor
Cc: Vigder, Avi
Subject: Update - Several items Re. SightLine + Glenridge for

Follow Up Flag: Follow up
Flag Status: Flagged

Danny, Eldad, and Mor,

A few items:

DILIGENCE STATUS

We ought to discuss Jack's email (below) and the SSC + GCI deal strategy. I'd like to shrink this request list until we get affirmation on valuation and become more embedded. Do you agree with this approach? Audited financials right away, in particular, will be a rat hole. I could easily do the audited SSC with GCI bank statements and my reconciliation, but even that is a lot of data with no feedback that it is warranted. Please let me know your thoughts.

EBITDA STATUS

Separately, I sent out today a pro forma SSC + GCI EBITDA. It looks great. It has only modest adjustments^(*). Please let me know if you didn't get a copy but want one.

CASH STATUS

I am now working on the final SSC and GCI cash numbers. These won't look as good. They're not bad but probably show \$3.6m 2004 and \$3.7m 2005 gross SSC + GCI. Note that the \$3.7m includes adding back (i) a big prepaid I made Dec 2005, and (ii) DISA moving from advance to arrears. It does not reflect the \$500k in DMC salaries. As you know, I thought we'd see \$4m. So, where is the 200k-300k I thought SSC + GCI had? Possibilities are:

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